

# The Sumpter Miner

OFFICIAL PAPER OF THE CITY OF SUMPTER

PUBLISHED EVERY WEDNESDAY BY  
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Entered at the postoffice in Sumpter, Oregon, for transmission through the mails as second class matter.

## SUBSCRIPTION RATES

One Year ..... \$5.00  
Six Months ..... 2.25

ALWAYS IN ADVANCE.



## EASTERN BROKERS VS. WESTERN PROMOTERS.

There is no doubt whatever but that precious metals mining is the most profitable industry which has ever engaged human endeavor, but even gold mining has its economic limits. There is no truth in the remark of the old time Californian, that "it is a d—n poor mine that will not stand extravagant expenditures and fool management." Unless a property is remarkably rich, and such is not the case with the greatest mines, both conservative business methods and wise, experienced, technical management is necessary to success. To the initiated this is a self evident truth. It is also a platitude so often repeated that it is becoming a trifle stale, but it is applied here to a branch of the business usually overlooked in estimating the chances of failure or success; namely, the most important of all, the preliminary work of promotion.

It is generally agreed that more failures of mining enterprises must be charged to lack of money than to all other causes combined. It is, furthermore, a fact that this necessary money must be contributed very largely by people engaged in other occupations than mining, people residing far from mining districts; hence ignorant of the business and personally unacquainted with those engaged in it.

Here the broker, the promoter, the financial agent steps in and attempts to fill an urgently felt want. As short a while ago as three years, these functionaries in the money centers of the east were clamoring for gold propositions to "float." Today, so numerous are the offerings that these middle men are enabled to change their attitude and dictate terms. Being merely human, they demand all that the other fellow will give; far more than the property will stand. At this time an eastern broker who has demonstrated his ability to sell stock, will not touch a proposition for a commission of less than forty per cent. If it is an unproven prospect they demand fifty and sixty per cent, and frequently require the company to pay for the printed matter necessary to advertise the stock.

The policy which has been adopted during recent months of requiring the company to advance money with which to pay for advertising matter is, in itself, an illegitimate source of revenue to the broker. So extensive and profitable has this "side line" become of late, that many of these men who have exhausted their ability to sell mining and oil stocks, have made it the leading feature of their business, have almost ceased their efforts to "work" the public and are giving their exclusive attention to relieving the companies of their

promotion money. One firm in St. Louis boasts that it is the fiscal agent of 100 companies, and is persistently asking for more, making even more alluring promises, more ridiculously false claims to the corporations than it formerly did to prospective investors; when, two or three years ago, any old thing in the shape of a mining stock certificate found ready sale. This firm generously offers to pay the postage, but firmly demands that it handle the money appropriated for advertising, job printing and incidental expenses. Its purpose is unmistakably to defraud the companies. Those eastern states that are passing laws to protect its citizens against fraudulent mining companies should be confronted with statutes from the western states shielding its mining companies from the stand and deliver policy of the promoters.

All sane men ought to know that not one in a hundred mining companies can stand this drain on its treasury. Those familiar with the situation consider it prima facie evidence that it is a poor investment, a sucker play, to buy stock in any mining company that is being exploited by any eastern "fiscal agent;" knowing that this agent is receiving so much of the money paid in for the treasury stock that there will not be enough left with which to open up the mine; in other words, the profits all go to the promoter.

In speaking of fiscal agents, it is here meant to designate those rapacious individuals who will not risk a cent of their own money, demand that the company pay the expenses of promotion and they receive the big commissions. Of course, there are mining brokers in the east who put their own good money into prospects or mines and handle the sale of their own stocks. Their ultimate success depends upon the making of producing mines of the properties they have invested in. These are the fiscal agents from whom the investor should buy stocks. The Miner mentions two notable instances, firms that are operating in eastern Oregon mines and are investing money received from the sale of stocks in development work and machinery, making mines of prospects, Lee S. Oritt, of Milwaukee, and Wheeler & Co., of New York.

Most of the promoters who make their headquarters in the West have also put their own money into the properties which they are handling. This is the case with the two firms that are doing the big business here, the Killen, Warner, Stewart Company, and Neil J. Sorensen & Company. When a man risks his own money in an enterprise, the public is comparatively safe in taking chances with him. On account of the unreasonable demands of eastern brokers, western promoters have been forced to open offices in the money centers of the east and are crowding out the "sure-thing" men.

It will also be noted with benefit to themselves by investors that the gigantic frauds have been perpetrated by eastern operators, who are familiar with the wholesale robberies worked in Wall street.

The following editorial paragraph, from the East Oregonian, is published as an example to illustrate what extreme prejudice and ignorant provincialism will do in the way of warping the judgment and blunting the sense of fairness in a man of ordinary intelligence and honesty:

"The transient corporations, boasting for the repeal of the corporation tax law at the special session, if

called, have no permanent interest in Oregon. They have nothing invested and are here to reap as much as possible and escape all the just burdens possible, before flying to other fields."

Did you ever glance through the pages of the American Economist, the organ of high protective tariff, published in New York, and merely let our eye rest for a moment on the cartoons that deface its pages? If you have, you will be skeptical regarding this statement; but it is true nevertheless; that the reading matter is as silly, pointless and all around idiotic as the pictures.

The Miner has often called attention to the fact that the "big" money made in mining has invariably been derived from the work of developing a prospect into a mine. The Mining Reporter treats this subject clearly and forcibly as follows:

The greatest possibilities in connection with mining investments lie in acquiring prospects which show evidence of good mineralization. It costs money to develop a number of prospects in an effort to find a mine, but the great profits of mining come from having made a mine, rather than in having purchased one already made. Mines of known value, of measurable ore reserves, cannot be purchased except at a great profit to the owners, and some of the bonanzas which have been sold had at the time of sale passed the zenith of their production. Exploration work in virgin ground or in developing prospects partially developed, pursued with skill and intelligence, usually is preferable to expending a fortune in acquiring a big producing mine. In other words, the men who bought the Homestake, for instance, at the time it was a prospect, made a far greater profit on it than could any one who might purchase it now, for the reason that its present owners pretty thoroughly know its value and would not sell for a dollar less than their own estimate of its value; whereas, at the time of their original purchase its value was undetermined and their principal investment was what they expended in exploratory work to ascertain if they had a mine.

The Daily Mining Record, of Denver, has of late devoted much space to condemning the cut-rate mining stock brokers. It publishes letters from the cut-raters defending their business, several of which have accused that paper of publishing the advertisements of these beach-combers of the mining world and with seeming justice thus impugns the good faith of the Record. The editor replies that though the paper may publish the advertisements of such brokers, these announcements are disguised and their cut-rate price lists are rigidly barred. That is a flimsy excuse and renders its whole campaign against the evil worthless to the good cause it champions.

The Miner believes that the only way to counteract the undoubted evil effects on the mining industry which the bargain counter brokers are working, is to inform the investing public as to this evil; promulgate the truth that money invested through such agencies is being diverted from the development funds of the various companies and is in this way working a direct injury to the stockholders, those who bought at the reduced price, as well as all others. Of course, we all know that the majority of people have a weakness for a "bar-

gain," are infatuated with the idea that they are buying something for less money than some one else paid for it; but still, if they could be convinced that this saving of a few cents now means the loss of dollars, or months of time, in the future, they would soon starve the parasites out of business.

The Miner has refused dozens of their advertisements, from Seattle to New York. They can't be so disguised that a newspaper man will fail to detect their character.

## OPENING GUN FOR MINING CONGRESS.

A press dispatch from New York of recent date, says that the opening for the next session of the American Mining Congress has been fired by Secretary Irwin Mahon from Carlisle, Pennsylvania, in the shape of a preliminary statement showing what the association expects to accomplish during the next year.

At the last meeting at Deadwood it was voted by the delegates to hold the convention of this society in 1904 at Portland, Oregon. With a view of commencing his campaign of publicity for this meeting Secretary Mahon dwells on what the association has done during its existence. He states that the congress has been an important factor in directing public attention to the mineral industry of this country.

He urges the miner to manifest a greater desire to secure that protection which his government gives to the farmer in expending every effort to enable him to secure the largest returns and profits from his labors. The same opportunities should be afforded the miner, according to Mr. Mahon. He says:

"The mining industry of America needs no apology from those seeking recognition for it at the hands of the government. To this, more than to any other cause, this country can attribute its wonderful strides and its prestige among the nations of the earth.

"It has been the prime incentive for the building of our giant trans-continental railways, turning a great tide of emigration to the mineral states, and in less than half a century has added more than \$4,000,000,000 of new and imperishable wealth in gold alone to the world, sustaining governments on a sound money basis and making possible the advancement of civilization, and manifolding our moral, educational and scientific advantages."

The congress is now a regularly chartered institution under the laws of Colorado. The latest feature which the Board of Directors have seen fit to approve is the formulating of plans which call for the erection of a permanent home for the congress, to be known as the American Mining Congress Museum. In this structure, which it is hoped to erect shortly in some western city, will be on exhibit the ores from all the mining districts of the United States and the extensive mechanical appliances which are now used for ore treating. It is hoped to work out the scheme for ore treating on the plan of the commercial museum in Philadelphia.

What plans are to be adopted to secure this building, or what steps will be taken to obtain the necessary funds have not been stated, though it is expected that the bulk of the money will come from voluntary subscriptions.